

YOUR STATE RETIREMENT



MASSACHUSETTS STATE BOARD OF RETIREMENT



FROM TREASURER JOE MALONE

PLANNING FOR YOUR STATE RETIREMENT

Retirement is an important time of change. The earlier you begin to plan, the smoother your retirement transition will be.

You've worked long and hard during your service to the Commonwealth of Massachusetts. Retirement rewards you for your loyalty and commitment.

This brochure is to help you estimate your state retirement benefits and to evaluate the best way for you and your family to receive those benefits.

This brochure, however, cannot replace the personal counseling that the State Board of Retirement offers you. The staff at the State Board, assisted by up-to-date computer technology, is more than happy to help you with your planning process. Please do not hesitate to contact them at 617-367-7770 for more information or to arrange a private interview.

Best wishes for a happy and healthy retirement. Thank you for your years of dedicated service.

Cordially yours,

Joseph D. Malone
State Treasurer

AN OVERVIEW

AMOUNT OF YOUR CONTRIBUTIONS TO THE SYSTEM

First, some background about just how much of your salary you contributed to the state retirement system.

Your percentage contribution is determined by your most recent entry date into the system. Members who reenter the system with funds on deposit or who transfer from another contributory retirement system maintain their former contribution level.

Entry Date - Rate of Contribution

Before January 1, 1975 - 5% contribution
January 1, 1975 to December 31, 1983 - 7% contribution
January 1, 1984 to present - 8% contribution

Workers hired after January 1, 1979 will pay their regular contribution rate above plus an additional 2% on any part of their regular salary in excess of \$30,000. This additional contribution was required starting January 1, 1988.

REFUNDS - WITHDRAWING YOUR CONTRIBUTIONS

Generally, you can receive a refund of your account upon the conclusion of your employment if you are under age 55 or if you are 55 or over but have less than ten years of service.

(Continued on Page 2)

(Continued from Page 1)

If you voluntarily leave your employment that began after January 1, 1984 and you have less than five years of service, no interest will be paid to you. If you have between five and ten years of service, you will receive one half the interest credited to your account. If you have over ten years of service, all the interest will be paid to you. Also, if you are removed or discharged, you may receive interest regardless of your years of service.

BUY BACKS - REDEPOSITING YOUR CONTRIBUTIONS

You can also buy back any prior state service that was refunded or for state service of six consecutive months or more which did not have retirement contributions withheld. You have to submit your buy back request in writing. You will have to redeposit the appropriate contribution plus accumulated interest as determined by the Retirement Board.

ELIGIBILITY FOR RETIREMENT BENEFITS

VESTING

Vesting means that you have earned the right to a retirement allowance at a later date. You are considered vested in the state retirement system once you have the equivalent of 10 years of full-time service. If you leave state service after you are vested, you may leave your retirement contributions in the system and receive a state pension at age 55.

Also, if you were a member of a public employee retirement system before January 1, 1978 or you were an elected official and have at least six years of creditable service, you can leave your contributions in your account and be eligible to receive a retirement allowance at age 55 or later.

ELIGIBILITY

Currently, you're considered eligible for retirement if you have 20 years of service or if you are age 55 with at least 10 years of service.

The amount of your retirement benefit depends on a number of factors:

(1) Your age (2) Length of creditable service (3) Level of your salary (4) Your group classification

(1) YOUR AGE

Use your age as of your last birthday in your calculations.

(2) YOUR YEARS OF CREDITABLE SERVICE

Next, you must determine whether you're eligible for retirement and how much creditable service you have.

Creditable service is earned by all state workers employed on at least half-time basis and who are contributing members of the state retirement system.

If you are a full-time employee, you'll earn one year of creditable service for each year completed.

If you're employed on less than a full-time basis, you'll earn an amount of service equal to a percentage of the full-time service rate. For example a worker employed on a half-time

basis will receive 50% or 6 months service for each year completed.

Another way you may be eligible to receive credit is if you served on at least a half-time basis with a city or county in Massachusetts or if you taught in a Massachusetts public school.

Military service can also give you creditable service. Employees who were honorably discharged and return to public employment within two years are entitled to have periods of service in the Armed Forces of the United States counted as creditable service. Military service in excess of four years will not be counted as creditable service, unless such service was involuntary.

(3) YOUR SALARY

To figure out your average annual rate of compensation, you take your three highest consecutive earning years.

(4) YOUR GROUP CLASSIFICATION

The final factor in determining your retirement allowance is your group classification. Massachusetts currently has four group classifications.

★ GROUP ONE ★

Officials and general employees including clerical, administrative and technical workers, laborers, mechanics and all others not otherwise classified. **Most state employees are Group 1 members.**

★ GROUP TWO ★

Employees with hazardous occupations such as mental health hospital attendants, some correctional employees, building inspectors and certain court employees. You must be 55 or older when you retire to benefit from this classification.

★ GROUP THREE ★

State police officers. These officers are subject to a number of special retirement provisions. This brochure is not designed to answer Group 3 retirement questions. Officers should contact the Retirement Board counselors to discuss their individual situations.

★ GROUP FOUR ★

Police and correction officers. You must be 45 or older, or a correction officer with 20 years of service, when you retire to benefit from this classification.

ESTIMATING YOUR RETIREMENT FOR GROUPS 1, 2 AND 4

Now, we'll move on to the basic formula for calculating your retirement allowance.

YOUR BENEFIT RATE (From Table A)
multiplied by
YOUR HIGH THREE YEAR AVERAGE PAY
multiplied by
YOUR CREDITABLE SERVICE

equals YOUR ANNUAL RETIREMENT ALLOWANCE

Your benefit rate is determined by your age as of your last birthday and your group classification. The benefit rate is a specific percentage of the amount of your average annual rate of pay. The maximum pension is 80% of the high three year average annual rate of compensation. If you have more than 20 years of service and are under age 55 and your position is eliminated or you are laid off or terminated, you may be entitled to a special benefit rate. Please contact the Retirement Board for further advice regarding these special provisions.

BENEFIT RATE - TABLE A

Age*	Group 1	Group 2	Group 4	Age*	Group 1	Group 2	Group 4
65/up	.025	.025	.025	52	.012	.012	.022
64	.024	.025	.025	51	.011	.011	.021
63	.023	.025	.025	50	.010	.010	.020
62	.022	.025	.025	49	.009	.009	.019
61	.021	.025	.025	48	.008	.008	.018
60	.020	.025	.025	47	.007	.007	.017
59	.016	.020	.025	46	.006	.006	.016
58	.018	.023	.025	45	.005	.005	.015
61	.017	.021	.025	44	.004	.004	.004
56	.016	.021	.025	43	.003	.003	.003
55	.015	.020	.025	42	.002	.002	.002
54	.014	.014	.024	41	.001	.001	.001
53	.013	.013	.023				

*At Last Birthday

OPTIONS FOR RECEIVING YOUR BENEFITS

You have three options in deciding how you want your retirement benefits paid out to you. This choice should be made very carefully based on your own personal needs. Keep in mind, you cannot change your option after your retirement date.

OPTION A

Election of option "A" means you'll receive the greater or largest retirement allowance possible in monthly payments. All allowance payments will stop upon your death, however, and **no benefits** will be provided to your survivors.

OPTION B

Option "B" provides you a lifetime allowance about four to seven percent less than option "A". This option provides a lump sum payment of any remaining deposits and interest at your death. The longer you live, the less will be paid to your beneficiary. On average, you would have to live between twelve and fifteen years to deplete your deposits and interests. Your monthly pension will not change.

If, upon retirement, you do not select an option, the law provides that you will be retired under option "B".

OPTION C

Option "C" is known as The Joint and Last Survivor Allowance. Allowance payments under this plan will be less than those you would receive under options "A" or "B". To determine your allowance under this option, you must multiply your option "A" pension by your option "C" factor. To calculate the "C" factor, see Table B on the next page.

Under option "C", upon your death, your designated beneficiary will be paid an allowance for the remainder of his or her lifetime. That allowance will be equal to two-thirds of the allowance paid to you at the time of your death.

If, under option "C", your beneficiary dies before you, your retirement automatically reverts to the option "A" pay out plan.

The so called "C" factor is an actuarial calculation derived from your life expectancy and that of your beneficiary.

The only eligible beneficiaries under Option "C" are: your spouse, father, mother, child, unmarried ex-spouse, brother, sister.

OPTION "C" FACTOR % (APPROXIMATE) - TABLE B

Member's Age (at nearest birthday)

74	69	69	64	69	69	87	69	69	74	77	72	72	73	77	74	74
69	64	65	69	67	65	69	69	74	77	72	73	77	74	74	77	77
69	69	67	69	69	69	74	77	72	73	74	74	75	74	77	74	74
67	69	68	69	72	77	72	72	74	77	75	74	77	74	74	74	69
86	86	79	77	77	72	79	77	79	79	79	77	79	79	86	86	81
69	74	77	72	72	73	77	74	74	74	77	74	74	69	64	82	82
64	72	72	73	77	74	74	74	77	74	74	74	64	81	82	69	64
83	73	77	77	75	74	77	74	74	74	69	81	82	82	83	64	84
82	77	75	74	77	77	74	74	69	69	64	82	83	84	84	84	69
81	79	79	77	79	79	79	86	81	81	82	83	81	86	86	86	86
69	77	74	74	74	69	69	64	82	69	69	64	69	69	69	87	87
69	74	74	69	69	64	82	82	69	64	64	69	69	87	87	69	69
69	74	69	64	64	82	83	83	64	69	69	69	67	67	69	84	84
67	64	64	82	83	83	64	64	69	69	69	67	69	69	69	69	69
86	82	82	86	81	81	86	86	86	86	81	81	86	86	86	86	86
69	69	69	64	69	69	69	69	87	67	69	69	69	69	69	64	64
	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70

Beneficiary's Age (at nearest birthday)

WHEN CAN YOU FILE FOR RETIREMENT?

You can file for retirement up to 120 days before you plan to retire. You can also file for retirement up to sixty days after you leave public service. You can still file after sixty days, but your benefits will not be retroactive to your retirement date. They will begin 15 days after your application is received by the Retirement Board. Therefore, the State Retirement Board strongly recommends that you plan your retirement and consult with them **before** leaving your job. This is especially important because certain retirement options may not be available to you once you stop working.

HOW MANY FORMS DO YOU HAVE TO FILL OUT AND ARE THEY COMPLICATED?

Essentially, there are just three forms. The important thing to remember, however, is that you must request these forms. The Board is not aware that you are considering retirement. It is up to you to get your retirement process going.

The first form is called the "Application by Member for Voluntary Retirement Allowance." It is just one page long. The second form tells the Board which option you have selected for your retirement pay out. You will be picking

either option "A", "B", or "C" as described earlier. In addition to the two forms, you will need to supply your birth record and military discharge papers, if any. If you are choosing option, "C," you must also provide verifying information about your beneficiary, including the beneficiary's birth certificate and marriage certificate, if applicable. The third form is IRS Form W-4P to set up your tax withholding.

Sometimes, there are other special circumstances involving a person's retirement. We cannot cover all those possibilities in this brochure. If you feel you fall into that special case category, please contact the Retirement Board.

Questions, Comments or Suggestions Regarding Your State Retirement May Be Sent to:

Treasurer Joe Malone
c/o
State Board of Retirement
One Ashburton Place, Room 1219
Boston, MA 02108-1607
(617) 367-7770

Group 1

A Group 1 member retiring as of December 31, 1993, under the following conditions:

(a)	Age 68	Benefit Rate	.025
(b)	25 years and 6 months of creditable service		<i>multiplied by</i>
(c)	Three-year average annual rate of regular compensation: \$30,000	Average Annual Rate of Regular Compensation	\$30,000
(d)	Non veteran:		<i>multiplied by</i>
		Years of Creditable Service	25.5

Total annual allowance is \$19,125. This allowance meets the "80 % test" because it does not exceed 80% of the average compensation amount. **Monthly benefit is \$1,593.75**

Group 2

Group 2 member retiring as of December 31, 1993, under the following conditions:

(a)	Age 55	Benefit rate	0.020
(b)	15 years of creditable service		<i>multiplied by</i>
(c)	Three-year average annual rate of regular compensation: \$25,000	Average Annual Rate of Regular Compensation	\$25,000
(d)	Veteran		<i>multiplied by</i>
		Years of Creditable Service	15

Total annual allowance is \$7,500. However, because this member is a veteran, he is entitled to \$15 a year for each of his 15 years of creditable service. ($15 \times \$15 = \225) Total annual allowance is \$7,725. **Monthly benefit is \$643.75.**

Group 3

Group 3 members (State Police officers):

All State Police officers should contact the State Board of Retirement before leaving state service.

Group 4

A Group 4 member retiring as of December 31, 1993, under the following conditions:

(a)	Age 65	Benefit Rate	.025
(b)	41 years of creditable service		<i>multiplied by</i>
(c)	Three-year average annual rate of regular compensation: \$18,833	Average Annual Rate of Regular Compensation	\$18,833
(d)	Veteran = ($\$15 \times 20$ year maximum allowed) = \$300		<i>multiplied by</i>
		Years of Creditable Service	41

Total annual allowance is initially computed to be \$19,304.04. However, statutory provisions limit the allowance to 80% of \$18,833 = \$15,066.36. Veteran's credit will not apply. Maximum annual allowance is \$15,066.36. **Monthly benefit is \$1,255.53.**

FIRST CLASS MAIL

FORWARDING AND ADDRESS
CORRECTION REQUESTED

TREASURER JOE MALONE
State Board of Retirement
One Ashburton Place, Room 1219
Boston, MA 02108-1607

WORKSHEET

TO CALCULATE YOUR PENSION

1. Enter your years of service here: _____
2. Enter your Benefit Rate from Table A here: _____
3. Multiply line 1 times line 2: _____
4. Enter the average of your highest 3 years salary here: _____
5. Enter your percentage from line 3 here: _____
6. Multiply lines 4 and 5 and enter amount here: _____

Option A: The amount on line 6 is your approximate Option A yearly pension.

Option B: To calculate your approximate Option B pension, reduce your Option A pension (line 6) by 7%.

Option C: To calculate your Option C pension, multiply your Option A pension (line 6) by the factor from Table B.

PRINTED ON RECYCLED PAPER